

**House File 386 - Introduced**

HOUSE FILE 386

BY GASKILL and STECKMAN

**A BILL FOR**

1 An Act relating to public utility operation and regulation.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 306.46, subsection 3, Code 2011, is  
2 amended to read as follows:

3 3. This section shall not impair or interfere with a city's  
4 authority to grant, amend, extend, terminate, or renew a  
5 franchise as provided in section 364.2, and shall not impair  
6 or interfere with a city's existing general police powers to  
7 control the use of its right-of-way.

8 Sec. 2. Section 364.2, subsection 4, Code 2011, is amended  
9 by adding the following new paragraph:

10 NEW PARAGRAPH. *h.* A city may terminate a franchise granted  
11 to a rate-regulated electric utility that has increased rates  
12 for electric service by fifteen percent or more than the  
13 average rate increase implemented by all other rate-regulated  
14 electric utilities providing service in this state. To  
15 terminate a franchise pursuant to this paragraph, the city  
16 shall provide written notice to the rate-regulated electric  
17 utility of the city's intent to terminate the franchise  
18 at least one year prior to the date of termination of the  
19 franchise.

20 Sec. 3. Section 474.2, Code 2011, is amended to read as  
21 follows:

22 **474.2 Certain persons barred from office.**

23 No person in the employ of any common carrier or other public  
24 utility within two years prior to appointment, or owning any  
25 bonds, stock, or property in any railroad company or other  
26 public utility shall be eligible to the office of utilities  
27 board member or secretary of the utilities board; and the  
28 entering into the employ of any common carrier or other public  
29 utility or the acquiring of any stock or other interest in  
30 any common carrier or other public utility by such member or  
31 secretary after appointment shall disqualify the member or  
32 secretary to hold the office or perform the duties thereof.

33 Sec. 4. Section 476.3, Code 2011, is amended by adding the  
34 following new subsection:

35 NEW SUBSECTION. 4. This section shall not prohibit the

1 board from authorizing rates which vary according to geographic  
2 area based on an area's rate history, per capita income, or  
3 need for economic development.

4 Sec. 5. Section 476.7, Code 2011, is amended to read as  
5 follows:

6 **476.7 Application by utility for review.**

7 1. If there shall be filed with the board by any public  
8 utility an application requesting the board to determine the  
9 reasonableness of the utility's rates, charges, schedules,  
10 service, or regulations, the board shall promptly initiate a  
11 formal proceeding. Such a formal proceeding may be initiated  
12 at any time by the board on its own motion. Whenever such  
13 a proceeding has been initiated upon application or motion,  
14 the board shall set the case for hearing and give such notice  
15 thereof as it deems appropriate. Whenever the board, after  
16 a hearing held after reasonable notice, finds any public  
17 utility's rates, charges, schedules, service, or regulations  
18 are unjust, unreasonable, insufficient, discriminatory, or  
19 otherwise in violation of any provision of law, the board shall  
20 determine just, reasonable, sufficient, and nondiscriminatory  
21 rates, charges, schedules, service, or regulations to be  
22 thereafter observed and enforced.

23 2. This section shall not prohibit the board from  
24 authorizing rates which vary according to geographic area based  
25 on an area's rate history, per capita income, or need for  
26 economic development.

27 Sec. 6. Section 480A.6, Code 2011, is amended to read as  
28 follows:

29 **480A.6 Franchise ordinance not superseded.**

30 This chapter does not modify or supersede the rights and  
31 obligations of a local government and the public utility  
32 established by the terms of any existing or future franchise  
33 granted, approved, ~~and~~ accepted, or terminated pursuant to  
34 section 364.2, subsection 4. A city ~~which~~ that collects a  
35 city franchise fee from an entity pursuant to section 364.2,



1 this modification would also be applicable to the office of  
2 consumer advocate.

3 The bill permits the board to authorize utility rates which  
4 vary according to geographic area based on an area's rate  
5 history, per capita income, or need for economic development.

6 The bill directs the board to conduct a study evaluating  
7 the process for establishing a municipal utility. The bill  
8 specifies that the study shall include identifying existing  
9 legal and financial impediments faced by a municipality  
10 interested in forming a municipal utility, how the board might  
11 facilitate an easier and more cost-effective process, and  
12 how the board could provide technical assistance. The board  
13 is required to submit a report containing recommendations  
14 resulting from the study to the general assembly by January 1,  
15 2012.